

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF EQUITABLE)	CASE NO. 89-286-C
GAS COMPANY)	

O R D E R

On June 27, 1990, the Commission issued its Order in Case No. 89-286 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the gas cost adjustment ("GCA") clause set forth therein.

On January 2, 1991, Equitable Gas Company, a division of Equitable Resources, Inc. ("Equitable"), filed its quarterly GCA, which is to become effective February 1, 1991 and is to remain in effect until April 30, 1991.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Equitable's notice of January 2, 1991 set out certain revisions in rates which Equitable proposed to place into effect, said rates being designed to pass on to its customers the expected wholesale increase in gas costs from its supplier in the amount of \$0.7773 per Mcf. Equitable's proposed expected gas cost ("EGC") component is \$4.7715 per Mcf, which includes a surcharge of \$0.6227 per Dth relating to the proposed settlement of Kentucky

West Virginia Gas Company Docket No. TQ 89-1-46-000, et al. The actual surcharge approved by the Federal Energy Regulatory Commission is \$0.6140 per Dth. Equitable's EGC should be \$4.7604 per Mcf, including a surcharge component of 78.32 cents per Mcf. Equitable should maintain its records in such a manner that the surcharge amounts can be separately identified and reconciled in future filings.

2. Equitable's notice set out a current quarter actual adjustment in the amount of (4.17) cents per Mcf to compensate for over-recovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of August, September, and October 1990. Equitable proposed a total actual adjustment of (2.54) cents per Mcf. Equitable erred in computing its current quarter actual adjustment. The calculation should compare the EGC authorized in Case No. 89-286-A,¹ rather than the EGC authorized in Case No. 89-286-B,² to the actual cost of gas per Mcf during the months of August, September, and October 1990. Equitable further erred by including in its total actual adjustment a previous quarter actual adjustment that was denied in Case No. 89-286-B. Equitable's current quarter actual adjustment and total actual adjustment should be (0.18) cents per Mcf.

¹ Case No. 89-286-A, The Notice of Purchased Gas Adjustment Filing of Equitable Gas Company, Order dated August 1, 1990.

² Case No. 89-286-B, The Notice of Purchased Gas Adjustment Filing of Equitable Gas Company, Order dated November 1, 1990.

3. Equitable proposed a gas cost recovery rate ("GCR") of \$4.7460 per Mcf which represents the combined effect of the supplier increase, surcharge, and actual adjustments. Equitable's GCR should be \$4.7586 per Mcf. The overall effect on retail rates is an increase of 77.55 cents per Mcf.

4. Equitable's corrected adjustment in rates pursuant to the GCA provisions approved by the Commission in its Order in Case No. 89-286, dated June 27, 1990, is fair, just, and reasonable, in the public interest, and should be effective with final meter readings on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. Equitable's proposed rates should be and hereby are denied.

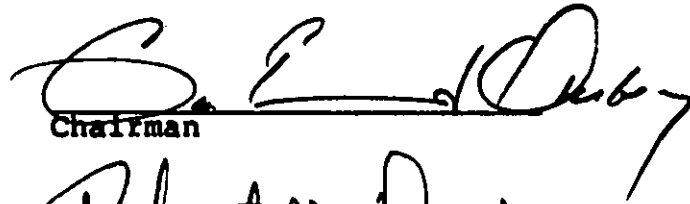
2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are approved effective with final meter readings on and after the date of this Order.

3. The gas cost recovery rate shall be \$4.7586 per Mcf effective with final meter readings on and after the date of this Order.

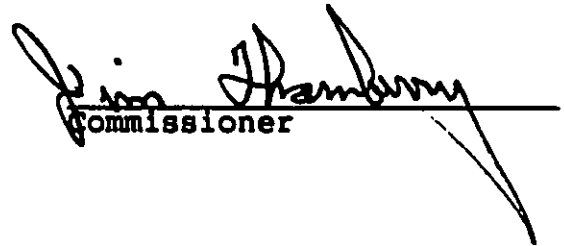
4. Within 30 days of the date of this Order, Equitable shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 1st day of February, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-286-C DATED FEBRUARY 1, 1991

The following rates and charges are prescribed for the customers served by Equitable Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES: Monthly

First	2 Mcf	\$5.4239 per Mcf
Next	18 Mcf	5.2239 per Mcf
Next	30 Mcf	5.1339 per Mcf
Next	50 Mcf	5.0539 per Mcf
All Over	100 Mcf	4.9839 per Mcf

The minimum bill shall be \$4.00.

The above rates include recovery of a Kentucky West Virginia Gas Company surcharge of 61.4 cents per Dth pursuant to the settlement of Docket No. TQ89-1-46, et. al. before the Federal Energy Regulatory Commission.

The following adjustments will be made to the above rates:

A surcharge of \$0.2278 per Mcf to reconcile undercollections occurring from 4/1/83 to 6/30/87 will be added to the above rates to be effective for 60 months beginning with the date of the Commission Order in Case No. 6602-GG or until the undercollection is recovered.

A refund of \$0.0897 per Mcf shall be applied to the retail service rates until such time as all refund obligations are discharged pursuant to PSC Order Nos. 6602-NN and 6602-TT.

The base rate for the future application of the purchased gas adjustment clause of Equitable Gas Company shall be:

Commodity

Kentucky West Virginia Gas Company \$3.1041/Dth*

*Includes \$0.0126 Gas Research Institute Funding Charge and an Annual Charge Adjustment of \$0.0017.